GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5327
ANSWERED ON:22.12.2000
FUNDS FOR VRS IN BANKS
SRIKANTA DATTA NARASIMHARAJA WADIYAR

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have made any estimate on the requirement of funds for implementing voluntary retirement scheme in Public Sector Undertakings :

(b) if so, the details thereof ;

(c) whether the Government have any proposal to raise bond to meet the expenses ;

(d) If so, the details thereof ;

(e) whether any package programme has also been prepared by the Government to implement voluntary retirement scheme in banks ; and

(f) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b), (c) & (d) : Department of Public Enterprises, which is the administrative Department for the public sector enterprises, has reported that as per the guidelines issued to public sector enterprises, a variant Voluntary Retirement Scheme compensation is available depending on the financial health of the respective public sector enterprise. The profit making enterprises are to meet the expenditure on Voluntary Retirement Scheme out of their own resources and the enterprises which are not in a position to meet such expenditure out of their own resources are to be provided budgetary support by the administrative Ministries. The fund requirement position is not centrally available.

(e) & (f) : In pursuance of a recommendation made by the Committee on Human Resource Management, Indian Banks` Association circulated a scheme for voluntary retirement to the public sector banks for their consideration and adoption on 31.8.2000. The salient features of the Scheme are enclosed.

Salient Features of Voluntary Retirement Scheme

Eligibility

All permanent employees with 15 years of service or 40 years of age.

Ineligible :

Specialist officers/employees who have executed service bonds and have not completed it, employees/officers serving abroad under special arrangements/ bonds, will not be eligible for VRS. The Board of Directors may, however, waive this, subject to fulfillment of the bond/other requirements.

Employees against whom Disciplinary Proceedings are contemplated/ pending or are under suspension.

Employees appointed on contract-basis.

Any other category of employees as may be specified by the Board.

Amount of Ex Gratia

60 days` salary (pay plus stagnation increments plus special allowance plus dearness relief) for each completed year of service or salary for the number of months service is left, whichever is less.

Other Benefits

I. Gratuity as per Gratuity Act/Service Gratuity, as the case may be.
II. Pension (including commuted value of pension)/ bank`s contribution towards PF, as the case may be.
III. Leave encashment as per rules.

Other Features

1. It will be the prerogative of the bank`s management either to accept a request for VRS or to reject the same depending upon the requirement of the bank.

2. Care will have to be taken to ensure that higher skilled and qualified workers and staff are not given the option.

3. There will be no recruitment against vacancies arising due to VRS.

4. Before introducing VRS banks must complete their manpower planning and identify the number of officers/employees who can be considered under the scheme.

5. Sanction of VRS and any new recruitment should be only in accordance with the manpower plan.

Funding of the Scheme

a) Coinciding with their financial position and cash flow, banks may decide payment partly in cash and partly in bonds or in instalments, but minimum 50% of the cash instantly and remaining 50% after a stipulated period.

b) Funding of the scheme will be made by the banks themselves either from their own funds or by taking loans from other banks/financial institutions or any other source.

Periodicity

The scheme may be kept open up to 31.1.2001.